

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1158 - SB 1498

February 11, 2023

SUMMARY OF BILL: Lowers, from 21 to 18, the minimum age required for a person to lawfully carry a handgun, whether openly or concealed. Removes certain military service requirements for a person 18 years of age to lawfully carry a handgun, whether openly or concealed.

Lowers, from 21 to 18, the minimum age required for a person to obtain an enhanced, lifetime enhanced, and concealed handgun carry permit. Removes certain military service requirements for a person 18 to 20 years of age to obtain an enhanced, or lifetime enhanced, handgun carry permit.

Prohibits a person under 21 years of age from transporting or storing a firearm or ammunition as otherwise authorized under current law in a parking area that is owned, operated, or in use by a school, unless the person is at least 18 years of age and meets certain military qualifications.

FISCAL IMPACT:

**Increase State Revenue – \$175,800/FY23-24/Handgun Permit Division
\$116,000/FY24-25/Handgun Permit Division
\$58,000/FY25-26/Handgun Permit Division**

**\$86,700/FY23-24/Tennessee Bureau of Investigation
\$57,200/FY24-25/Tennessee Bureau of Investigation
\$28,600/FY25-26/Tennessee Bureau of Investigation**

**Increase State Expenditures – \$3,300/FY23-24/Handgun Permit Division
\$2,200/FY24-25/Handgun Permit Division
\$1,100/FY25-26/Handgun Permit Division**

**\$39,700/FY23-24/Tennessee Bureau of Investigation
\$26,200/FY24-25/Tennessee Bureau of Investigation
\$13,100/FY25-26/Tennessee Bureau of Investigation**

**Increase Local Revenue – \$24,900/FY23-24
\$16,500/FY24-25
\$8,200/FY25-26**

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Assumptions:

- Pursuant to Tenn. Code Ann. § 39-17-1366(b)(3), in order to qualify for a concealed handgun carry permit, among other requirements, an applicant must meet the qualifications for issuance of an enhanced handgun carry permit. Thus, in addition to lowering the age to obtain an enhanced or lifetime enhanced permit, the proposed legislation would have the effect of also lowering the lawful age to obtain a concealed carry permit to 18.
- It is assumed that the Department of Safety's (DOS) Handgun Permit Division will realize an increase in revenue from the cohort of potential permit applicants aged 18-20 who will no longer need to wait until age 21 to apply.
- This increase in revenue is estimated to diminish at a steady rate over the course of three fiscal years, at which point the surge effect of the proposed legislation on permit revenue will have levelled out.
- Based on the DOS's 2022 Handgun Statistical Report, the total number of permits issued to persons aged 21-25 in 2022 was 3,693. It is assumed that one-fifth of those, or 739 permits (3,693 permits / 5) were issued to persons aged 21. That number is assumed to be equal to the number of 18-year-olds that would have applied at age 18 had they been eligible. However, in the time since those persons were aged 18, the state has removed the requirement for a permit to carry a handgun. Therefore, it is assumed that only 75 percent of those, or 554 (739 x 75%), would still have applied for a permit absent the permit requirement. Therefore, the number of 18-year-olds that would apply for a permit under the proposed legislation is estimated to be 554.
- In the first year following enactment, the same number, 554, is estimated to be issued to persons aged 19 and persons aged 20, for a total of 1,662 permits (554 permits x 3).
- In 2022, the respective percentages of permits issued for each type among the relevant group was as follows:
 - Concealed – 26%
 - Enhanced – 33%
 - Lifetime Enhanced – 41%
- The fee for an original issue of each is as follows:
 - Concealed – \$65
 - Enhanced – \$100
 - Lifetime Enhanced – \$300
- From every enhanced and lifetime enhanced fee paid, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and maintaining their databases; \$37.15 is allocated to the TBI to cover the cost of fingerprint vendors, TBI background checks, and Federal Bureau of Investigation (FBI) fingerprint background checks. As a result, the DOS disburses \$67.15 (\$15 sheriff + \$15 TBI + \$37.15 TBI) of every application fee for these permits for these purposes.
- Therefore, the revenue that accrues to the DOS after background fees are disbursed is as follows:
 - Concealed – (\$2.15) (\$65 - \$67.15)
 - Enhanced – \$32.85 (\$100 - \$67.15)

- Lifetime Enhanced – \$262.85 (\$300 – \$67.15)
- The increase in revenue in year one related to 18-year-olds is estimated to be \$58,586, as follows:
 - Concealed – $(554 \times 26\% \times -\$2.15) = (\$310)$
 - Enhanced – $(554 \times 33\% \times \$32.85) = \$6,006$
 - Lifetime Enhanced – $(554 \times 41\% \times \$232.85) = \$52,890$
 - Total – $[(\$6,006 + \$52,890) - \$310] = \$58,586$
- It is assumed the same amount of revenue will be received from 19 and 20-year-olds.
- Therefore, the total increase in revenue to DOS is estimated to be as follows:
 - \$175,758 $(\$58,586 \times 3)$ in FY23-24
 - \$116,000 $(\$175,758 \times 66\%)$ in FY24-25
 - \$58,000 $(\$175,758 \times 33\%)$ in FY25-26
- The DOS will incur an increase in expenditures related to printing new permits cards. The estimated cost per permit is \$1.99.
- Therefore, the total increase in expenditures to DOS is estimated to be as follows:
 - \$3,307 $(1,662 \text{ permits} \times \$1.99)$ in FY23-24
 - \$2,183 $[(1,662 \text{ permits} \times 66\%) \times \$1.99]$ in FY24-25
 - \$1,091 $[(1,662 \text{ permits} \times 33\%) \times \$1.99]$ in FY25-26
- For each new permit application, the TBI will receive \$52.15. The increase in revenue to the TBI is estimated to be as follows:
 - \$86,673 $(1,662 \text{ permits} \times \$52.15)$ in FY23-24
 - \$57,209 $[(1,662 \text{ permits} \times 66\%) \times \$52.15]$ in FY24-25
 - \$28,630 $[(1,662 \text{ permits} \times 33\%) \times \$52.15]$ in FY25-26
- The TBI reports an expense to the fingerprint vendor of \$10.65, and an additional expense of \$13.25 to the FBI per background check, for a total expenditure per background check of \$23.90 $(\$10.65 + \$13.25)$.
- Therefore, the total increase in expenditures to the TBI is estimated to be as follows:
 - \$39,722 $(1,662 \text{ permits} \times \$23.90)$ in FY23-24
 - \$26,218 $[(1,662 \text{ permits} \times 66\%) \times \$23.90]$ in FY24-25
 - \$13,097 $[(1,662 \text{ permits} \times 33\%) \times \$23.90]$ in FY25-26
- From every permit application fee, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check. Therefore, the total increase in revenue to local sheriff's offices is estimated to be as follows:
 - \$24,930 $(1,662 \text{ permits} \times \$15)$ in FY23-24
 - \$16,455 $[(1,662 \text{ permits} \times 66\%) \times \$15]$ in FY24-25
 - \$8,220 $[(1,662 \text{ permits} \times 33\%) \times \$15]$ in FY25-26
- The proposed legislation is not estimated to change the current rate of permit renewals.
- The provisions regarding who may lawfully transport or store firearms and ammunition in their motor vehicles on school properties is not estimated to affect the total number of permits issued; therefore, any fiscal impact to state or local government related to those provisions is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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